



# COOK COUNTY FARM BUREAU

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## COMMENT

June 20, 2000

VIA FACSIMILE (202) 418-5521

Ms. Jean A. Webb, Secretary  
Community Futures Tracking Commission  
Three Lafayette Centre, 21<sup>st</sup> Street, NW  
Washington, D.C. 20581

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OFFICE OF THE SECRETARY

Dear Secretary Webb:

The Cook County Farm Bureau is a general farm organization representing over 1400 farmer members in northeastern Illinois. This group consists of farm producers, landowners, and individuals interested in agriculture and agricultural issues.

The Cook County Farm Bureau would like to communicate our opposition to the Chicago Board of Trade's announced plans to increase the daily price limits of its major commodities including corn, wheat soybeans, soybean oil and meal, oats and rough rice. These increases range from 67 percent to 100 percent of the existing limits.

Our opposition to this change relates to the interests of farm producers. We believe that the increased daily limits will result in increased margin requirements. This will eliminate or limit the extent to which producers can use futures and options which ultimately hurts liquidity and hinders price discovery.

We believe that the daily limit increases will cause greater risk for producers. This increases their likelihood of being forced out of a hedge position at a loss during volatile and emotional markets.

We believe that the greater margin risk will also force undercapitalized elevators into financial difficulties. This reduces competition as elevators close, increasing bid margins, increasing fees to producers and increasing delivery distances.

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We are also concerned about the provision for trading session shutdowns on commodities when limits are reached. This does not allow the market to react to changing conditions and price discovery is not allowed. By shutting down early in a session, market participants may be forced to seek other markets to offset their risk or to conduct business. This ultimately hurts the Chicago Board of Trade and their ability to be the leader in agricultural price discovery.

Thank you for the opportunity to present comments regarding this proposal and we encourage it to be denied by the Commodity Futures Trading Commission.

Sincerely,

A handwritten signature in black ink that reads "Howard Paarlberg". The signature is written in a cursive style with a prominent underline.

Howard Paarlberg, President  
Cook County Farm Bureau

HP/amt